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RESERVE BANK OF INDIA

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**Sources of Variation in Foreign Exchange Reserves in India
during April-December 2015**

Earlier today, the Reserve Bank of India released the [Balance of Payments \(BoP\) data for October-December 2015](http://www.rbi.org.in) on its website (www.rbi.org.in). On the basis of these data, the sources of variation in foreign exchange reserves during April-December 2015 have been compiled.

Sources of Variation in Foreign Exchange Reserves: April-December 2015

During April-December 2015, there was an increase in the foreign exchange reserves. The sources of variation in the foreign exchange reserves are set out in Table 1.

Table 1: Sources of Variation to Foreign Exchange Reserves*				
			(US\$ billion)	
Items			2014-15 April- December	2015-16 April- December
I.		Current Account Balance	-26.2	-22.0
II.		Capital Account (net) (a to f)	57.4	36.6
	a.	Foreign Investment	50.5	24.1
		<i>of which: Foreign Direct Investment</i>	22.0	27.4
		<i>Portfolio Investment</i>	28.5	-3.4
		<i>FII</i>	28.5	-4.0
		<i>ADR/GDR</i>	0.0	0.4
	b.	Banking Capital	10.0	19.6
		<i>Of which: NRI Deposits</i>	10.1	11.7
	c.	Short term credit	-2.7	-4.2
	d.	External Assistance	1.0	0.5
	e.	External Commercial Borrowings	0.7	-1.8
	f.	Other items in capital account	-1.9	-1.6
III.		Valuation change	-14.8	-5.9
		Total (I+II+III) @	16.4	8.7
		Increase in reserves (+) / Decrease in reserves (-)		
*: Based on old format of BoP. @: Difference, if any, is due to rounding off. Note: 'Other items in capital account' apart from 'Errors and Omissions' include SDR allocations, leads and lags in exports, funds held abroad, advances received pending issue of shares under FDI and transactions of capital receipts not included elsewhere.				

On a balance of payments basis (*i.e.*, excluding valuation effects), the foreign exchange reserves increased by US\$ 14.6 billion during April-December 2015 as compared with US\$ 31.3 billion during April-December 2014. The foreign exchange reserves in nominal terms (including the valuation effects) increased by US\$ 8.7 billion during April-December 2015 as compared to US\$ 16.4 billion during the same period of preceding year (Table 2).

Table 2: Comparative Position of Variation in Reserves			
(US\$ billion)			
Items		2014-15	2015-16
		April-December	April-December
1	Change in Foreign Exchange Reserves (Including Valuation Effects)	16.4	8.7
2	Valuation Effects (Gain (+)/Loss (-))	-14.8	-5.9
3	Change in Foreign Exchange Reserves on BoP basis (<i>i.e.</i> , Excluding Valuation Effects)	31.3	14.6
Note: Increase in reserves (+)/Decrease in reserves (-). Difference, if any, is due to rounding off.			

The valuation loss mainly reflecting the appreciation of the US dollar against major currencies, amounted to US\$ 5.9 billion during April-December 2015 as compared with US\$ 14.8 billion during the same period of the preceding year.

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